



City of Lansing, Michigan

Schedule of Expenditures of Federal Awards in

Accordance with OMB Circular A-133

June 30, 2004 *33-2020*

City of Lansing, Michigan

Index

June 30, 2004

Page(s)

Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	1-2
Report of Independent Auditors on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3-4
Schedule of Expenditures of Federal Awards	5-7
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-11
Schedule of Status of Prior Year Findings and Questioned Costs.....	12

**Report of Independent Auditors on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Honorable Mayor and Members
of City Council
City of Lansing, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lansing, Michigan, which collectively comprise the City's basic financial statements, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 2004. In that report we indicated the extent of our reliance on the reports of other auditors in the conduct of the audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Lansing's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lansing's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the reports of other auditors disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



This report is intended solely for the information and use of the City of Lansing, Michigan's City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Pricewaterhouse Coopers LLP

November 19, 2004

**Report of Independent Auditors on Compliance with Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

Honorable Mayor and Members
of City Council of the
City of Lansing, Michigan

Compliance

We have audited the compliance of the City of Lansing, Michigan, with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The City of Lansing's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Lansing's management. Our responsibility is to express an opinion on the City of Lansing's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lansing's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Lansing's compliance with those requirements.

In our opinion, the City of Lansing complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control over Compliance

The management of the City of Lansing is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Lansing's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lansing, Michigan as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 2004. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Lansing, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, other than the three component units, whose financial statements were audited by other auditors whose reports express an unqualified opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City of Lansing, Michigan's City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

PriceWaterhouseCoopers LLP

November 19, 2004

City of Lansing, Michigan
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

Federal Grantor/ Pass-through Grantor/ Program Title	Grant Award Number	Federal CFDA Number	Current-Year Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs			
Community Development Block Grants			
2001 Entitlement	B-01-MC-26-0025	14.218 *	\$ 287,532
2002 Entitlement	B-02-MC-26-0025	14.218 *	919,100
2003 Entitlement	B-03-MC-26-0025	14.218 *	1,791,150
Emergency Shelter Grants Program (ESG)			
2002 Grant Year	S-02-MC-26-0025	14.231	42,163
2003 Grant Year	S-03-MC-26-0025	14.231	147,599
Supportive Housing Program			
Advent House - 02/05	MI28B10-8002	14.235 *	139,593
American Red Cross - 00/03	MI28B90-8002	14.235 *	82,325
Ballentine - 01/04	MI28B00-8003	14.235 *	63,200
Gateway Community Services - 01/04	MI28B00-8005	14.235 *	58,485
Haven House - 01/04	MI28B00-8001	14.235 *	41,580
C.A.C.S. - 03/06	MI28B20-8001	14.235 *	255,095
Greater Lansing Housing Coalition 03/06	MI28B10-8001	14.235 *	140,777
Salvation Army - 01/04	MI28B00-8002	14.235 *	106,217
Volunteers of America - 00/03	MI28B90-8001	14.235 *	46,532
H.M.I.S. - 03/06	MI28B20-8002	14.235 *	38,022
Home Investment Partnership Program			
1999 Grant Year	M-99-MC-26-0208	14.239 *	18,819
2000 Grant Year	M-00-MC-26-0208	14.239 *	143,405
2001 Grant Year	M-01-MC-26-0208	14.239 *	804,231
2002 Grant Year	M-02-MC-26-0208	14.239 *	590,327
2003 Grant Year	M-03-MC-26-0208	14.239 *	252,702
Total Direct Programs			5,968,854
Passed through the Lansing Housing Commission			
Public Housing Drug Elimination Program	MI33DEP0580100	14.854	155,519
Total U.S. Department of Housing and Urban Development			6,124,373
U.S. Department of Justice			
Direct Programs			
Local Law Enforcement Block Grants			
2002 Grant Year	2002-LB-BX-2219	16.592 *	189,487
2003 Grant Year	2003-LB-BX-2361	16.592 *	217,393
COPS - MORE - 2002 - Mobile Computing	2002-CM-WX-0179	16.710 *	360,349
Total Direct Programs			767,229
* Denotes a major program			(continued)

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

City of Lansing, Michigan
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

Federal Grantor/ Pass-through Grantor/ Program Title	Grant Award Number	Federal CFDA Number	Current-Year Federal Expenditures
Passed through the State of Michigan Family Independence Agency			
Juvenile Accountability Incentive Block Grant 2004/2005	JAIBG04-33003	16.540	27,702
Juvenile Accountability Incentive Block Grant 2003/2004	JAIBG33003-C-03	16.540	<u>92,833</u>
Total passed through the State of Michigan Family Independence Agency			120,535
Passed through the State of Michigan Department of Community Health			
Capital Area Response Effort - Year Eight	CVA20457-7V02	16.575	80,743
Capital Area Response Effort - Year Seven	CVA20457-6V01	16.575	28,934
Juvenile Intervention Initiative 02/03	OCJ70928-3K02	16.579 *	62,515
Metro Conspiracy Investigations	OJC70901-4-03-B	16.579 *	202,834
Metro Conspiracy Investigations	OJC70901-3K02	16.579 *	80,493
School Resource Strategies	OJC70985-3-03-B	16.579 *	54,957
School Resource Strategies	OJC70985-2K01	16.579 *	<u>22,809</u>
Total passed through the State of Michigan Department of Community Health			<u>533,285</u>
Total U.S. Department of Justice			<u>1,421,049</u>
U.S. Department of Homeland Security			
Passed through the State of Michigan Department of State Police			
State Homeland Security Grant Program (SHSGP)			
2003 State Homeland Security Assessment and Strategy Program (SHSAS)		97.004	7,992
2003 State Homeland Security Equipment		97.004	16,139
2003 Solution Area Planner Grant		97.004	21,744
State Domestic Preparedness Equipment	2001	N/A	7,069
State Domestic Preparedness Equipment	2002	N/A	30,000
State Domestic Preparedness Equipment	2002	N/A	80,051
2003 Training Grant		97.005	134
FY2002 Supplemental Funds Grant Program			
2002 Supplemental Emergency Operations Planning Grant		97.051	21,094
2002 Community Emergency Response Team (CERT) Grant/Citizen Corps		97.054	37,485
FEMA Emergency 3189-EM Public Assistance Grant Program Project Number 065-46000		97.036	<u>54,472</u>
Total U.S. Department of Homeland Security			<u>276,180</u>
* Denotes a major program			(continued)

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

City of Lansing, Michigan
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

Federal Grantor/ Pass-through Grantor/ Program Title	Grant Award Number	Federal CFDA Number	Current-Year Federal Expenditures
U.S. Department of Transportation			
Passed through the State of Michigan Department of Transportation			
Pennsylvania Avenue Bridge (MDOT 03-5122)	BFR0333(314)	20.205 *	97,923
High Priority Projects Program (MDOT 99-5316)	HPP9933(022)	20.205 *	166,076
Traffic Signal Control Integration	ITS0333(316)	20.205 *	232,463
River Trail Spring to I-496 (MDOT 02-5553)	STP0233(325)	20.205 *	192,000
Total U.S. Department of Transportation			<u>688,462</u>
U.S. Environmental Protection Agency			
Passed through the State of Michigan Department of Treasury			
State Revolving Loan Funds (SRF)		66.458 *	3,930,518
Total U.S. Environmental Protection Agency			<u>3,930,518</u>
U.S. Department of Energy			
Direct Programs			
AFV Incentive Program	PLA-00-51	81.041	39,029
Total U.S. Department of Energy			<u>39,029</u>
Corporation for National and Community Service			
Direct Programs			
Volunteers in Service to America VISTA Americorps	GH01VPNMI010	94.013	157,376
Total Corporation for National and Community Service			<u>157,376</u>
Total Federal Financial Assistance			<u>\$ 12,636,987</u>

* Denotes a major program

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

City of Lansing, Michigan
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

1. Financial Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Lansing. The City of Lansing reporting entity is defined in Note 1 to the City's basic financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Lansing and is presented on the modified accrual basis of accounting, which is described in Note 1 of the City's basic financial statements. The information in the schedule is presented in conformity with the requirements of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

City of Lansing, Michigan
Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

Section I – Summary of Auditor’s Results

Financial statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified not considered
to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal awards

Internal control over major programs?

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified not considered
to be material weakness(es)?

_____ yes X none reported

Type of auditor's report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required to
to be reported in accordance with Circular A-133,
Section 510(a)?

_____ yes X no

Dollar threshold used to distinguish between
Type A and Type B programs

\$ 300,000

Auditee qualified as low-risk auditee?

X yes _____ no

City of Lansing, Michigan
Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

A risk-based approach is used to determine which federal programs are major programs. This approach includes consideration of current and prior audit experience, oversight by pass-through agencies and inherent risk of the federal program. The State Revolving Loan Funds ("SRF") with current-year Federal expenditures of \$3,930,518 is defined as a Type A program, however, is excluded from the calculation of the threshold between Type A and Type B programs as a large loan program as described in Section 520(b3) of OMB Circular A-133. A threshold of \$300,000 is used to distinguish between Type A and Type B programs as described in Section 520(b) of OMB Circular A-133. Major programs are noted by (*) following the program name and CFDA number and are also listed below:

Federal Grantor/ Program Title	Federal CFDA Number	Current-Year Federal Expenditures	
U.S. Department of Housing and Urban Development			
Community Development Block Grants	14.218	<u>\$ 2,997,782</u>	\$ 2,997,782
Supportive Housing Program - Advent Housing	14.235	139,593	
Supportive Housing Program - American Red Cross	14.235	82,325	
Supportive Housing Program - Ballentine	14.235	63,200	
Supportive Housing Program - Gateway Community Services	14.235	58,485	
Supportive Housing Program - Haven House	14.235	41,580	
Supportive Housing Program - C.A.C.S.	14.235	255,095	
Supportive Housing Program - Greater Lansing Housing Coalition	14.235	140,777	
Supportive Housing Program - Salvation Army	14.235	106,217	
Supportive Housing Program - Volunteers of America	14.235	46,532	
Supportive Housing Program - H.M.I.S.	14.235	<u>38,022</u>	971,826
Home Investment Partnership Program	14.239	<u>1,809,484</u>	1,809,484
U.S. Department of Justice			
Local Law Enforcement Block Grants	16.592	<u>406,880</u>	406,880
Juvenile Intervention Initiative	16.579	62,515	
Metro Conspiracy Investigations	16.579	283,327	
School Resource Strategies	16.579	<u>77,766</u>	423,608
COPS - MORE - 2002 - Mobile Computing	16.710	<u>360,349</u>	360,349
U.S. Department of Transportation			
Pennsylvania Avenue Bridge (MDOT 03-5122)	20.205	97,923	
High Priority Projects Program (MDOT 99-5316)	20.205	166,076	
Traffic Signal Control Integration	20.205	232,463	
River Trail Spring to I-496 (MDOT 02-5553)	20.205	<u>192,000</u>	688,462
U.S. Environmental Protection Agency			
State Revolving Loan Fund (SRF)	66.458	<u>3,930,518</u>	3,930,518
Clusters			
None		<u>-</u>	-
Total Major Program Current-Year Federal Expenditures			<u>\$ 11,588,909</u>

City of Lansing, Michigan
Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

Section II – Financial Statement Findings

Current-Year Finding
None.

Section III – Federal Awards Findings and Questioned Costs

Current-Year Finding
None.

City of Lansing, Michigan
Schedule of Status of Prior Year Findings and Questioned Costs
Year Ended June 30, 2004

No prior year findings or questioned costs.